

**Testimony of
Council for Electronic Revenue Communication Advancement
(CERCA)**

IRS Oversight Board

January 27, 2003

Good afternoon. My name is Tony Tullo and I appear here in my capacity as Chairman of CERCA, the Council for Electronic Revenue Communication Advancement. I am the Federal Agency Administrator for ADP, and prior to going to work for the company, served for 21 years with the IRS in various management positions.

CERCA was formed almost a decade ago to promote electronic filing and tax modernization. There has been much progress, of course, but a great deal still remains to be accomplished if we are to meet the "80% goal" for e-filing set by Congress. To reach this goal, bold and innovative initiatives will be needed.

One very recent example of such creative action is the launch of the Free File Alliance on January 16. From the beginnings of serious discussions on this approach last January, we were proud to work closely with former Commissioner Charles Rossotti and ETA Director Terry Lutes to assist in the development of the Free File Alliance. Very early in the process, CERCA decided to devote a substantial portion of our resources to this effort. It was clearly our prime focus over the past 12 months. Indeed, CERCA executive director Mike Cavanagh now serves as Manager of the Alliance in addition to his CERCA responsibilities.

Others, of course, also deserve recognition, notably ETAAC and its chairman, Kevin Belden.

We believe the Alliance is a remarkable achievement. After months and months of effort, the agreement was only signed on October 30, yet by January 16 the project was launched with participants offering free tax prep and e-filing to well over 60% of the American people.

In its initial days of operation, the Free File Alliance is off to a very solid start.

The key point about the Free File Alliance that we would like to emphasize is that this unique public-sector, private-sector partnership represents the right solution to an e-Government issue. The private sector has a vibrant tax preparation industry that serves the American public extremely well. This approach ensures that taxpayers will be able to depend on the quality and innovation that have been hallmarks of the products that have come to the market.

We would also emphasize that this season is only the beginning. This agreement, let us again emphasize, was only signed on October 30. This season will serve taxpayers well, but there can be continual improvement in what is offered and how, and we anticipate substantial innovation in the future.

Another key issue that concerns CERCA is Modernization. We support the work that has been done by the IRS and the private sector in recent years to deal with the monumental challenges facing the Service. Funding of these promising programs is essential for the future of our nation's tax system.

We would like to specifically comment on two aspects of the Modernization program:

1. We believe an update to the IRS e-file infrastructure is long overdue and should be pursued aggressively.
2. With respect to e-Services, planned services, which include online access to taxpayer data and certain account resolution activities, should be available to all e-filers. While we recognize the need for the Service to move cautiously to ensure successful rollout, we are concerned that not all e-filers will have the same access. Specifically, business e-file partners appear to be omitted for IRS e-Service plans.

Now, with respect to the current filing season, we commend Acting Commissioner Bob Wenzel and ETA Director Terry Lutes. Things are off to a very good start. This would often be the time some years ago when industry would be articulating extremely serious concern about what has taken place. Clearly, the e-filing program has matured over the years, however, and IRS leadership has ensured that everything possible is being done to achieve a successful and "non-eventful" filing season.

In conclusion, with the Free File Alliance now off the ground, we look forward to working with the Oversight Board on a range of new and challenging issues for the future.